

SENATE/HOUSE FILE \_\_\_\_\_  
BY (PROPOSED GOVERNOR'S BILL)

**A BILL FOR**

1 An Act relating to economic development by eliminating the  
2 department of economic development and providing for a  
3 collaborative undertaking known as the Iowa partnership  
4 for economic progress and making certain properly related  
5 changes.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DRAFT

DIVISION I

IOWA PARTNERSHIP FOR ECONOMIC PROGRESS

Section 1. Section 15.101, Code 2011, is amended by striking the section and inserting in lieu thereof the following:

**15.101 Findings and purpose — partnership described.**

1. The general assembly finds that economic development is an important public purpose and that both the public and private sectors have a shared interest in fostering the economic vitality of the state. Therefore, it is the purpose of this subchapter to implement economic development policy in the state by means of a collaboration between government and the private sector.

2. The collaboration shall involve the economic progress board, the economic progress authority, and the economic progress corporation in a collaborative undertaking to be carried on according to the provisions of this subchapter.

3. While the collaboration described in subsection 2 is not a legal entity organized as either a state agency or as a corporation, the collaborative efforts of the board, the authority, and the corporation shall be known as and may be collectively referred to as the Iowa partnership for economic progress.

Sec. 2. Section 15.102, Code 2011, is amended by adding the following new subsections:

NEW SUBSECTION. 01. "*Authority*" means the economic progress authority created in section 15.105.

NEW SUBSECTION. 1A. "*Chief executive officer*" means the chief executive officer of the corporation.

NEW SUBSECTION. 2A. "*Corporation*" means the economic progress corporation created pursuant to section 15.109A.

NEW SUBSECTION. 4A. "*Financial assistance*" means assistance provided only from the funds, rights, and assets legally available to the authority and includes but is not limited to assistance in the form of grants, loans, forgivable loans, and royalty payments.

1     NEW SUBSECTION. 5A. "*Partnership*" means the collaboration  
2 between the board, the authority, and the corporation as  
3 described in section 15.101.

4     NEW SUBSECTION. 5B. "*Private company*" means any sole  
5 proprietorship, organization, association, corporation,  
6 partnership, limited partnership, limited liability  
7 partnership, limited liability company, or other entity or  
8 business association whether or not organized for profit-making  
9 purposes.

10    Sec. 3. Section 15.102, subsections 1 and 4, Code 2011, are  
11 amended to read as follows:

12    1. "*Board*" means the ~~Iowa economic development~~ progress  
13 board created in section 15.103.

14    4. "*Director*" means the director of the ~~department~~ authority  
15 or the director's designee.

16    Sec. 4. Section 15.102, subsection 3, Code 2011, is amended  
17 by striking the subsection.

18    Sec. 5. Section 15.103, Code 2011, is amended by striking  
19 the section and inserting in lieu thereof the following:

20    **15.103 Economic progress board.**

21    1. The economic progress board is created to oversee  
22 the implementation of economic development policy by the  
23 partnership.

24    2. The board shall consist of the following members:

25    a. The governor who shall serve as a nonvoting member or,  
26 if the governor so designates, the lieutenant governor. The  
27 governor or the lieutenant governor, if designated, shall serve  
28 as the chairperson of the board.

29    b. Seven voting members appointed by the governor, subject  
30 to confirmation by the senate. The members appointed pursuant  
31 to this paragraph shall be actively employed in the private,  
32 for-profit sector of the economy or otherwise have substantial  
33 expertise in economic development.

34    3. The appointed members of the board shall serve staggered  
35 four-year terms, as designated by the governor, beginning

1 and ending as provided by section 69.19. An employee of the  
2 authority or the corporation shall not serve on the board.

3 4. A vacancy on the board shall be filled for the unexpired  
4 portion of the regular term in the same manner as regular  
5 appointments are made.

6 5. The members of the board are entitled to receive  
7 reimbursement for actual expenses incurred while engaged in  
8 the performance of official duties. A member of the board may  
9 also be eligible to receive compensation as provided in section  
10 7E.6.

11 6. The board shall meet at the call of the chairperson. A  
12 majority of the voting members constitutes a quorum.

13 7. If a member of the board has an interest, either direct  
14 or indirect, in any matter before the board, the member having  
15 the interest shall not participate in any action by the board  
16 with respect to that interest.

17 8. The board shall be the successor entity to the economic  
18 development board which is hereby eliminated. The board shall  
19 assume all duties and responsibilities previously assigned  
20 to the economic development board to the extent that such  
21 duties and responsibilities are not otherwise assigned by the  
22 provisions of this subchapter.

23 9. The board shall act as the governing body for the  
24 authority and the members of the board shall comprise the board  
25 of directors of the corporation.

26 Sec. 6. Section 15.104, Code 2011, is amended by striking  
27 the section and inserting in lieu thereof the following:

28 **15.104 Duties and powers of the board.**

29 1. The board shall do all of the following:

30 a. Direct and oversee the collaborative activities of the  
31 authority and the corporation.

32 b. Ensure that the collaborative activities of the authority  
33 and the corporation are aligned toward the same goals and that  
34 the authority and the corporation each carry out the duties  
35 assigned in this subchapter.

- 1     *c.* Adopt rules for the administration of the authority  
2 pursuant to chapter 17A.
- 3     *d.* Approve the budget of the authority as prepared pursuant  
4 to section 15.106.
- 5     *e.* Establish guidelines, procedures, and policies for the  
6 awarding of financial assistance by the authority and for the  
7 contracts administered by the authority.
- 8     *f.* Act as incorporators for the nonprofit economic progress  
9 corporation described in section 15.109A and serve as the  
10 corporation's board of directors as provided in the articles  
11 of the corporation.
- 12    *g.* Report annually to the general assembly and the governor  
13 on the progress of economic development efforts in the state.  
14 This report shall include the information described in section  
15 15.107B and information on the activities of the corporation.
- 16    *h.* Perform duties related to the administration of the  
17 economic progress fund and financial assistance program as  
18 described in chapter 15G.
- 19    *i.* Appoint a director for the authority.
- 20    *j.* Form a due diligence committee composed of members of  
21 the board. The committee shall carry out any duties assigned  
22 by the board in relation to the programs administered by the  
23 authority or the activities of the corporation.
- 24    *k.* Form a loan and credit guarantee committee composed  
25 of members of the board. The loan and credit guarantee  
26 committee shall advise the board on the winding up of loan  
27 guarantees made under the loan and credit guarantee program  
28 established pursuant to section 15E.224, Code 2009, and on the  
29 proper amount of the allocation described in section 15G.111,  
30 subsection 4, paragraph "g".
- 31    2. The board may do any of the following:
- 32     *a.* Establish rules for coordinating the operations of the  
33 authority and the corporation and govern the manner in which  
34 such coordination is carried out.
- 35     *b.* Appoint subordinate officers to assist the board's

1 operations. Such subordinate officers need not be board  
2 members.

3 c. Form committees or panels as necessary to facilitate the  
4 performance of the board's duties.

5 d. Undertake more extensive research and discussion of  
6 the issues before the board in order to better formulate and  
7 implement state economic development policy.

8 3. When acting as the board of directors of the corporation,  
9 the members of the board shall be subject to the provisions of  
10 chapter 504 and shall not be considered a public board, agency,  
11 or other administrative unit of the state.

12 Sec. 7. Section 15.105, Code 2011, is amended by striking  
13 the section and inserting in lieu thereof the following:

14 **15.105 Economic progress authority.**

15 1. The economic progress authority is created as an  
16 administrative unit of the state which, because of its unique  
17 operations, does not fit into the general pattern of operating  
18 departments.

19 2. The authority shall be the successor entity to the Iowa  
20 department of economic development which is hereby eliminated.  
21 The authority shall assume all duties and responsibilities  
22 previously assigned to the department.

23 3. The authority and its property shall be exempt from all  
24 state and locally imposed taxes, fees, and assessments.

25 Sec. 8. Section 15.106, Code 2011, is amended by striking  
26 the section and inserting in lieu thereof the following:

27 **15.106 Director — duties.**

28 1. The authority shall be administered by a director  
29 appointed by the board.

30 2. The director shall, subject to the oversight and approval  
31 of the board, do all of the following:

32 a. Manage the internal operations of the authority and  
33 establish guidelines and procedures to promote the orderly and  
34 efficient administration of the authority.

35 b. Employ personnel pursuant to section 15.106A as necessary

1 to carry out the duties and responsibilities of the authority.

2 *c.* Prepare a budget for the authority and prepare such other  
3 reports as may be required by law or by the board.

4 *d.* Establish administrative divisions, appoint subordinate  
5 administrators, and otherwise organize the authority in the  
6 manner the director deems best designed to efficiently and  
7 effectively carry out the authority's responsibilities.

8 *e.* Review and submit to the board legislative proposals  
9 relating to state economic development law and policy.

10 *f.* Recommend to the board new and amended rules for the  
11 administration of the authority and its programs.

12 *g.* Provide for the implementation of the targeted small  
13 business procurement provisions in chapter 73.

14 *h.* Report to the board at least quarterly on the status of  
15 the authority's contracts and awards of financial assistance.

16 *i.* Perform any other duties that are generally associated  
17 with the director of an authority or that the board may  
18 require.

19 3. The director shall serve as the chief executive officer  
20 of the corporation.

21 Sec. 9. NEW SECTION. 15.106A Authority personnel.

22 1. All employees of the authority shall be considered public  
23 employees.

24 2. Subject to the approval of the board, the director shall  
25 have the following powers regarding authority personnel:

26 *a.* The power to designate certain employees as key  
27 personnel. An employee so designated shall be exempt from the  
28 merit system described in chapter 8A, subchapter IV.

29 *b.* The power to employ, classify, and fix the compensation  
30 of key personnel. All other employees shall be employed,  
31 classified, and compensated in accordance with chapter 8A,  
32 subchapter IV, and chapter 20.

33 *c.* The power to determine the number of full-time equivalent  
34 positions, as defined in chapter 8, necessary to carry out the  
35 provisions of this subchapter.

1     *d.* The power to assign duties to all authority employees.

2     3. The board may establish incentive programs for authority  
3 personnel.

4     4. *a.* An employee of the authority shall not have a  
5 financial interest in any person or business receiving  
6 financial assistance from programs administered by the  
7 authority. However, an employee may own shares of a mutual  
8 fund which may hold shares of a vendor corporation provided the  
9 employee does not have the ability to influence the investment  
10 functions of the mutual fund.

11    *b.* An employee of the authority with decision-making  
12 authority shall not participate in any decision by the  
13 authority involving a person or business with whom the employee  
14 has a financial interest.

15    Sec. 10. Section 15.107, Code 2011, is amended by striking  
16 the section and inserting in lieu thereof the following:

17    **15.107 Powers of the authority — delegation of duties and**  
18 **responsibilities.**

19    1. The authority is granted all powers necessary or  
20 convenient for carrying out the duties and responsibilities of  
21 this subchapter. Such powers include but are not limited to  
22 the power to:

23    *a.* Sue and be sued, implead and be impleaded, complain and  
24 defend in all courts.

25    *b.* Acquire, purchase, hold, use, lease, convey or otherwise  
26 dispose of any property, real, personal or mixed, tangible or  
27 intangible, or any interest therein necessary or desirable for  
28 carrying out the duties and responsibilities assigned to the  
29 authority.

30    *c.* Provide advice and services to any person, government,  
31 or other entity providing services or facilities for economic  
32 development in the state.

33    *d.* Charge fees for the use of the authority's property, the  
34 sale of the authority's products, or the furnishing of services  
35 by the authority.



1       (1) The amount of such fees shall be set by the board.

2       (2) The authority may retain such fees for the payment of  
3 expenses or for any other purpose described in this subchapter.

4       (3) The fees shall be considered repayment receipts as  
5 defined in section 8.2.

6       *e.* Make and enter into contracts and agreements with any  
7 person or government entity to the extent that such contracts  
8 and agreements are necessary or incidental to the performance  
9 of the duties and responsibilities assigned to the authority.

10      *f.* Receive appropriations from the general assembly.

11      *g.* Receive financial assistance from any federal or private  
12 entity, foundation, corporation, association, natural person,  
13 or any other source. Such financial assistance may be expended  
14 by the authority for the payment of expenses or for any other  
15 purpose described in this subchapter.

16      *h.* Make awards of financial assistance as authorized by  
17 law and according to the guidelines, procedures, and policies  
18 established by the board.

19      2. In addition to the powers enumerated in subsection  
20 1, the authority is authorized to delegate by contract  
21 with the corporation the performance of an assigned duty  
22 or responsibility if the director determines that such a  
23 delegation will achieve more efficient and cost-effective  
24 administrative operations.

25      *a.* The duties and responsibilities that may be delegated  
26 pursuant to this subsection include marketing and promotional  
27 activities, coordinating functions, policy research, economic  
28 analysis, job training and workforce education activities,  
29 and any of the duties and responsibilities described in  
30 sections 15.108 and 15.109 to the extent that such duties and  
31 responsibilities are of the type not exclusively reserved to an  
32 administrative unit of the state.

33      *b.* The authority shall not delegate the performance of  
34 a duty or responsibility that is an essential government  
35 function, and the corporation, in performing a delegated

1 function, shall not exercise any sovereign power of the state.

2     *c.* The terms of such a contract may provide for compensation  
3 at the fair market value of the services provided under the  
4 contract.

5     Sec. 11. NEW SECTION.   **15.107A Life science enterprise**  
6 **plans.**

7     1. The authority shall review and approve or disapprove  
8 a life science enterprise plan or amendments to that plan as  
9 provided in chapter 10C and according to rules adopted by the  
10 board.

11    2. A life science plan shall make a reasonable effort to  
12 provide for participation by persons who are individuals or  
13 family farm entities actively engaged in farming as defined in  
14 section 10.1.

15    3. The persons may participate in the life science  
16 enterprise by holding an equity position in the life science  
17 enterprise or providing goods or service to the enterprise  
18 under contract. The plan must have been filed with the  
19 authority not later than June 30, 2005. The life science  
20 enterprise may file an amendment to a plan at any time.

21    4. A life science enterprise is not eligible to file a plan,  
22 unless the life science enterprise files a notice with the  
23 authority. The notice shall be a simple statement indicating  
24 that the life science enterprise may file a plan as provided in  
25 this section. The notice must be filed with the authority not  
26 later than June 1, 2005.

27    5. The notice, plan, or amendments shall be submitted by  
28 a life science enterprise as provided by the authority. The  
29 authority shall consult with the department of agriculture and  
30 land stewardship during its review of a life science plan or  
31 amendments to that plan. The plan shall include information  
32 regarding the life science enterprise as required by rules  
33 adopted by the board, including but not limited to all of the  
34 following:

35     *a.* A description of life science products to be developed

1 by the enterprise.

2     **b.** The time frame required by the enterprise to develop the  
3 life science products.

4     **c.** The amount of capital investment required by the  
5 enterprise to develop the life science products.

6     **d.** The number of acres of land required to produce the life  
7 science products.

8     **e.** The type and extent of participation in the life  
9 science enterprise by persons who are individuals or family  
10 farm entities actively engaged in farming. If the plan does  
11 not provide for participation or minimal participation, the  
12 plan shall include a detailed explanation of the reasonable  
13 effort made by the life science enterprise to provide for  
14 participation.

15     Sec. 12. NEW SECTION. 15.107B Annual reporting  
16 requirements.

17     1. By January 31 of each year, the authority shall submit  
18 to the board a report that describes the activities of the  
19 authority during the preceding fiscal year.

20     2. The report shall include all of the following:

21     **a. Financial assistance.** Data on all assistance provided  
22 to eligible businesses under the high quality jobs program  
23 described in section 15.326.

24     **b. Projects funded through the economic progress financial**  
25 *assistance program established in section 15G.112.* For each job  
26 creation or retention business finance project receiving moneys  
27 from the economic progress fund, the following information:

28         (1) The net number of new jobs created as of June 30 of the  
29 prior year. For the purposes of this subparagraph, "*net number*  
30 *of new jobs*" is the number of new or retained jobs as identified  
31 in the contract.

32         (2) The number of jobs created, as of June 30 of the prior  
33 year, that are at or above the qualifying wage threshold for  
34 the project. For the purposes of this subparagraph, "*qualifying*  
35 *wage threshold*" has the same meaning as defined in section

1 15G.101.

2 (3) The number of retained jobs, as of June 30 of the  
3 prior year. For the purposes of this subparagraph, "*retained*  
4 *jobs*" means the number of retained jobs as identified in the  
5 contract.

6 (4) The total amount expended by a business, as of June 30  
7 of the prior year, toward the total project cost as identified  
8 in the contract.

9 (5) The project's location.

10 (6) The amount, if any, of private and local matching funds,  
11 as of June 30 of the prior year.

12 (7) The amount spent on research and development  
13 activities, as of June 30 of the prior year.

14 *c. Industrial new jobs training Act.* Data on all assistance  
15 or benefits provided under the Iowa industrial new jobs  
16 training Act established in chapter 260E.

17 *d. Workforce development fund.* The proposed allocation of  
18 moneys from the workforce development fund to be made for the  
19 next fiscal year for the programs and purposes contained in  
20 section 15.343, subsection 2.

21 (1) The director shall submit a copy of the proposed  
22 allocation to the chairpersons of the joint economic  
23 development appropriations subcommittee of the general  
24 assembly. Notwithstanding section 8.39, the proposed  
25 allocation may provide for increased or decreased funding  
26 levels if the demand for a program indicates that the need is  
27 greater or less than the allocation for that program.

28 (2) The director shall submit a report each quarter to the  
29 board. The report shall include the status of the funds and  
30 may include the director's proposed revisions. The proposed  
31 revisions may be approved by the board in January and April of  
32 each year.

33 (3) The director shall also provide quarterly reports to the  
34 legislative services agency on the status of the funds.

35 *e. Employee training and retraining goals and*

1 *objectives.* Pursuant to section 15.108, subsection 6, the  
2 upcoming year's goals and objectives, including both short-term  
3 and long-term methods of improving program performance,  
4 creating employment opportunities for residents, and enhancing  
5 the delivery of services.

6 *f. Accelerated career education programs.* The data related  
7 to the accelerated career education programs established in  
8 chapter 260G and the activities of those programs during the  
9 previous fiscal year.

10 *g. Coordination with community colleges and state board of*  
11 *regents.* Pursuant to section 15.108, subsection 3, paragraph  
12 "a", subparagraph (1), an assessment of the degree to which  
13 the authority has coordinated with the community colleges and  
14 the state board of regents institutions in the avoidance of  
15 duplication of economic development efforts, including the  
16 degree to which there are future coordination needs. The state  
17 board of regents institutions and the community colleges shall  
18 be given an opportunity to review and comment on this portion  
19 of the annual report prior to its printing or release.

20 *h. Endow Iowa program.* In cooperation with the lead  
21 philanthropic entity, as defined in section 15E.303, a summary  
22 of the activities conducted under the endow Iowa grant program  
23 created in section 15E.304. This portion of the annual report  
24 shall include a summary of the endow Iowa tax credits approved  
25 by the authority in the prior calendar year, including the  
26 number of credits approved, the amount approved, a summary of  
27 the benefiting donations by size, and the number of community  
28 foundations and affiliate organizations benefiting from the tax  
29 credit program.

30 *i. Economic progress fund expenditures.* Detailed financial  
31 data that delineate expenditures made under each component of  
32 the economic progress fund created in section 15G.111.

33 *j. Renewable fuel programs.* A detailed accounting of  
34 expenditures in support of renewable fuel infrastructure  
35 programs, as provided in sections 15G.203 and 15G.204. The

1 renewable fuel infrastructure board established in section  
2 15G.202 shall approve that portion of the authority's annual  
3 report regarding projects supported from the economic progress  
4 fund created in section 15G.111. This paragraph is repealed on  
5 July 1, 2012.

6 *k. Pilot project cities — withholding agreement, tax*  
7 *credits.* Data on the pilot project cities established pursuant  
8 to section 403.19A, including all of the following:

9 (1) The amount each project received from each state  
10 economic development and tax credit program.

11 (2) The number of new jobs created as a result of the pilot  
12 program.

13 (3) The average wage of the jobs created as a result of the  
14 pilot project.

15 (4) An evaluation of the investment made by the state of  
16 Iowa in the pilot project cities program, including but not  
17 limited to the items described in subparagraphs (1) through  
18 (3).

19 *1. Targeted industries development — innovation and*  
20 *commercialization.* A report of the expenditures of moneys  
21 appropriated and allocated to the authority for certain  
22 programs authorized pursuant to sections 15.411 and 15.412  
23 relating to the development and commercialization of businesses  
24 in the targeted industry areas of advanced manufacturing,  
25 bioscience, and information technology, including a summary of  
26 the activities of the technology commercialization committee  
27 created pursuant to section 15.116 and the Iowa innovation  
28 council established pursuant to section 15.117A and including  
29 copies of any documents, reports, or plans produced by the  
30 council.

31 *m. Targeted small business activities.* A section that is  
32 a compilation of the following reports required pursuant to  
33 section 15.108, subsection 7, paragraph "c":

34 (1) A summary of the report filed by December 1 of each year  
35 by the department of administrative services with the authority

1 regarding targeted small business procurement activities  
2 conducted during the previous fiscal year.

3 (2) A summary of the report filed by December 1 of each year  
4 by the department of inspections and appeals with the authority  
5 regarding certifications of targeted small businesses. At a  
6 minimum, the summary shall include the number of certified  
7 targeted small businesses for the previous year, the increase  
8 or decrease in that number during the previous fiscal year  
9 compared to the prior fiscal year, and the number of targeted  
10 small businesses that have been decertified in the previous  
11 fiscal year.

12 (3) A summary of the internal report compiled by December  
13 1 of each year by the authority regarding the targeted small  
14 business financial assistance program. At a minimum, the  
15 summary shall contain the number of loans, loan guarantees,  
16 and grants distributed during the previous fiscal year, the  
17 individual amounts provided to targeted small businesses during  
18 the previous fiscal year, and how many financial assistance  
19 awards to targeted small businesses were the subject of  
20 repayment or collection activity during the previous fiscal  
21 year.

22 (4) A list of the procurement goals established pursuant to  
23 section 73.16, subsection 2, and compiled by the authority's  
24 targeted small business marketing and compliance manager and  
25 the performance of each agency in meeting the goals. The  
26 performance of each agency shall be based upon the reports  
27 required pursuant to section 73.16, subsection 2.

28 3. The report may include such other information on the  
29 activities of the partnership as the board deems necessary or  
30 other provisions of law may require.

31 Sec. 13. NEW SECTION. 15.109A Economic progress  
32 corporation.

33 1. The board shall establish the economic progress  
34 corporation as a nonprofit corporation organized under chapter  
35 504 and qualifying under section 501(c)(3) of the Internal

1 Revenue Code as an organization exempt from taxation. Unless  
2 otherwise provided in this subchapter, the corporation is  
3 subject to the provisions of chapter 504.

4 2. The corporation shall collaborate with the authority in  
5 connection with the collaborative undertaking referred to as  
6 the partnership, but the corporation shall not be considered,  
7 in whole or in part, an agency, department, or administrative  
8 unit of the state.

9 a. The corporation shall not receive appropriations from the  
10 general assembly.

11 b. The corporation shall not be required to comply with  
12 any requirements that apply to a state agency, department, or  
13 administrative unit and shall not exercise any sovereign power  
14 of the state.

15 c. The corporation does not have authority to pledge the  
16 credit of the state, and the state shall not be liable for  
17 the debts or obligations of the corporation. All debts and  
18 obligations of the corporation shall be payable solely from the  
19 corporation's funds.

20 3. a. The corporation shall be established so that  
21 donations and bequests to it qualify as tax deductible under  
22 the federal and state income tax laws.

23 b. The corporation shall be established for the purpose  
24 of lessening the burdens of government in connection with  
25 the public purpose of economic development in Iowa. The  
26 corporation may effectuate this purpose by performing certain  
27 functions delegated to it by the authority pursuant to section  
28 15.107, subsection 2.

29 4. The articles of the corporation shall provide for its  
30 governance and its efficient management. In providing for its  
31 governance, the articles of the corporation shall address the  
32 following:

33 a. A board of directors to govern the corporation which  
34 shall be comprised of the members of the economic progress  
35 board.



1     *b.* The appointment of the director to serve as the chief  
2 executive officer and to manage the corporation's daily  
3 operations.

4     *c.* The delegation of such powers and responsibilities  
5 to the chief executive officer as may be necessary for the  
6 corporation's efficient operation.

7     *d.* The employment of personnel necessary for the efficient  
8 performance of the duties assigned to the corporation in  
9 connection with the partnership. All such personnel shall be  
10 considered employees of a private, nonprofit corporation and  
11 shall be exempt from the personnel requirements imposed on  
12 state agencies, departments, and administrative units.

13     *e.* The financial operations of the corporation including the  
14 authority to receive and expend funds from public and private  
15 sources and to use its property, money, or other resources for  
16 the purpose of the corporation and for any other activities,  
17 duties, or responsibilities that may be assigned to the  
18 corporation in connection with the partnership.

19     5. The board of directors of the corporation and the chief  
20 executive officer shall act to ensure all of the following:

21     *a.* That the corporation creates a strategic plan designed to  
22 foster economic growth and development in the state.

23     *b.* That the corporation prepares an annual budget that  
24 includes funding levels for the corporation's activities and  
25 that shows sufficient moneys are available to support those  
26 activities.

27     *c.* That the corporation prepares an annual report for the  
28 board on the corporation's activities no later than January 31  
29 of each year and that the report:

30         (1) Includes a financial audit conducted in accordance with  
31 generally accepted accounting principles.

32         (2) Is readily available to the public.

33     6. If, in carrying out functions delegated to it by the  
34 authority, any confidential information disclosed by applicants  
35 for financial assistance is released to the corporation, the

1 confidentiality provisions of section 15.118 shall apply to the  
2 corporation.

3     Sec. 14. NEW SECTION. 15.109B **Duties and responsibilities**  
4 **of the corporation.**

5     1. The corporation's board of directors and the chief  
6 executive officer shall determine the activities and priorities  
7 of the corporation within the general parameters of the duties  
8 and responsibilities described in this section and in this  
9 subchapter.

10    2. The corporation shall, to the extent its articles  
11 so provide, do all of the following in connection with the  
12 partnership:

13     a. Perform any functions delegated by the authority pursuant  
14 to section 15.107, subsection 2.

15     b. Encourage, stimulate, and support the development and  
16 expansion of the state's economy.

17     c. Develop and implement effective marketing and promotional  
18 programs.

19     d. Provide pertinent information to prospective new  
20 businesses.

21     e. Formulate and pursue programs for encouraging the  
22 location of new businesses in the state and for retaining and  
23 fostering the growth of existing businesses.

24     f. Solicit the involvement of the private sector, including  
25 support and funding, for economic development initiatives in  
26 the state.

27     g. Coordinate the economic development efforts of other  
28 state and local entities in an effort to achieve policy  
29 consistency.

30     h. Collect and maintain any economic data and research that  
31 is relevant to the formulation and implementation of effective  
32 policies.

33     i. Encourage the expansion of trade and the export of Iowa  
34 products and services to national and international markets.

35     j. Advise state agencies, local governments, community

1 colleges, and the regents universities on economic development  
2 matters, including workforce development and job training.

3 k. Provide export documentation to Iowa businesses that are  
4 exporting goods and services if no other government entity is  
5 providing export documentation in a form deemed necessary for  
6 international commerce.

7 Sec. 15. CONTINUING VALIDITY OF DEPARTMENT RULES.

8 1. All rules promulgated by the department of economic  
9 development shall be valid and enforceable after the  
10 elimination of the department as rules promulgated by the  
11 economic progress authority.

12 2. As soon as practicable, the authority shall adopt revised  
13 rules issued under its own rulemaking authority.

14 Sec. 16. TRANSITION OF EXISTING DEPARTMENT OF ECONOMIC  
15 DEVELOPMENT EMPLOYEES.

16 1. All employees of the department of economic development  
17 shall be considered employees of the economic progress  
18 authority upon the elimination of the former and creation of  
19 the latter.

20 2. Such employees shall suffer no loss in years served,  
21 sick leave and vacation time accrued, or other benefits of  
22 their current employment upon transition to employment with the  
23 authority.

24 3. All employees of the department transitioning to  
25 employment with the authority shall be considered employees  
26 for purposes of chapter 97B and may elect to remain a covered  
27 employee or to file an optional exclusion from membership as  
28 provided in section 97B.42A.

29 DIVISION II

30 MISCELLANEOUS PROGRAM CHANGES

31 Sec. 17. Section 15G.101, subsection 10, Code 2011, is  
32 amended to read as follows:

33 10. "*Fund*" means the ~~grow Iowa values~~ economic progress fund  
34 created in section 15G.111.

35 Sec. 18. Section 15G.111, subsection 1, unnumbered

1 paragraph 1, Code 2011, is amended to read as follows:

2 ~~A grow Iowa values~~ An economic progress fund is created  
3 in the state treasury under the control of the department of  
4 economic development consisting of the following:

5 Sec. 19. Section 15G.112, subsection 1, paragraph a, Code  
6 2011, is amended to read as follows:

7 a. The department shall establish and administer ~~a grow Iowa~~  
8 ~~values~~ an economic progress financial assistance program for  
9 purposes of providing financial assistance from the fund to  
10 applicants. The financial assistance shall be provided from  
11 moneys credited to the ~~grow Iowa values~~ economic progress fund  
12 and not otherwise obligated or allocated pursuant to section  
13 15G.111.

14 Sec. 20. NEW SECTION. 15H.1A Definitions.

15 For purposes of this chapter, unless the context otherwise  
16 requires:

17 1. "Authority" means the economic progress authority created  
18 in section 15.105.

19 2. "Director" means the director of the authority.

20 Sec. 21. Section 15H.2, subsections 1 and 2, Code 2011, are  
21 amended to read as follows:

22 1. ~~The governor shall establish the Iowa commission on~~  
23 ~~volunteer service which shall be part of the governor's office~~  
24 is created within the authority. ~~The governor~~ director shall  
25 ~~appoint the commission's members~~ select employees of the  
26 authority to act as the members of commission.

27 2. The mission of the commission is to advise and  
28 assist the director in the development and implementation  
29 of a comprehensive, statewide plan for promoting volunteer  
30 involvement and citizen participation in Iowa, as well  
31 as to serve as the state's liaison to national and state  
32 organizations which support the commission's mission.

33 Sec. 22. Section 15H.3, Code 2011, is amended by striking  
34 the section and inserting in lieu thereof the following:

35 **15H.3 Volunteer service commission membership.**

1     1. The Iowa commission on volunteer service shall consist of  
2 such authority personnel as the director deems best qualified  
3 to administer the programs, duties, and responsibilities of the  
4 commission.

5     2. The Iowa commission on volunteer service shall not be  
6 considered an appointive commission for purposes of chapter 69.

7     Sec. 23. Section 15H.4, subsection 1, Code 2011, is amended  
8 to read as follows:

9     1. ~~The governor's office shall serve as the lead agency for~~  
10 ~~administration of~~ authority shall administer the commission.  
11 The authority may consult with the department of education,  
12 the state board of regents, and the department of workforce  
13 development, ~~and the department of economic development shall~~  
14 provide for any additional administrative support as necessary  
15 to fulfill the duties of the commission. All other state  
16 agencies, at the request of the authority, shall provide  
17 assistance to the commission to ensure a fully coordinated  
18 state effort for promoting national and community service.

19     Sec. 24. Section 260E.7, Code 2011, is amended to read as  
20 follows:

21     **260E.7 ~~Department of economic development~~ Economic progress**  
22 **authority.**

23     1. ~~The Iowa department of economic development~~ economic  
24 progress authority in consultation with the department of  
25 education, the department of revenue, and the department of  
26 workforce development shall ~~coordinate~~ establish the new jobs  
27 training program.

28     2. ~~The Iowa department of economic development~~ economic  
29 progress authority shall adopt, amend, and repeal rules under  
30 chapter 17A that the community college will use in developing  
31 projects with new and expanding industrial new jobs training  
32 proposals and that the authority shall use to monitor the  
33 community colleges' compliance.

34     3. The authority shall include as part of the reporting  
35 requirements for the industrial new jobs training Act described

1 in section 15.107B, subsection 2, paragraph "c", information  
2 regarding the effectiveness of the program. The effectiveness  
3 of the program shall be measured by evaluating the number of  
4 jobs created by the program and by the amount of withholding  
5 taxes from employers that are used to pay for certificates  
6 issued pursuant to this chapter.

7 4. The department authority is authorized to make any rule  
8 that is adopted, amended, or repealed effective immediately  
9 upon filing with the administrative rules coordinator or at  
10 a subsequent stated date prior to indexing and publication,  
11 or at a stated date less than thirty-five days after filing,  
12 indexing, and publication.

13 DIVISION III

14 CONFORMING CHANGES

15 Sec. 25. Section 7E.5, subsection 1, paragraph g, Code 2011,  
16 is amended to read as follows:

17 g. The Iowa department of economic development progress  
18 authority, created in section 15.105, which, in cooperation  
19 with the economic progress board and the economic progress  
20 corporation, has primary responsibility for programs for  
21 carrying out ensuring that the economic development policies of  
22 the state are effectively and efficiently carried out.

23 Sec. 26. Section 10C.6, subsection 1, paragraph a,  
24 subparagraph (3), Code 2011, is amended to read as follows:

25 (3) The economic development board progress authority has  
26 approved a life science enterprise plan filed on or before June  
27 30, 2005, ~~with the board.~~ The enterprise must acquire or hold  
28 the agricultural land pursuant to the plan which may be amended  
29 at any time and approved ~~by the board~~ pursuant to section  
30 ~~15.104~~ 15.107A.

31 Sec. 27. Section 10C.6, subsection 2, paragraph b, Code  
32 2011, is amended to read as follows:

33 b. The person acquires or holds the agricultural land  
34 according to the life science enterprise plan filed by the  
35 person's predecessor in interest and approved by the economic

1 ~~development board~~ progress authority. The plan may be amended  
2 at any time and approved by ~~the board~~ pursuant to section  
3 ~~15.104~~ 15.107A.

4 Sec. 28. Section 15E.1, Code 2011, is amended to read as  
5 follows:

6 **15E.1 Definition.**

7 As used in this chapter, unless the context otherwise  
8 requires, ~~"department"~~ "authority" means the ~~Iowa department~~  
9 ~~of economic development~~ progress authority created in section  
10 15.105.

11 Sec. 29. Section 15E.64, subsection 2, paragraph a, Code  
12 2011, is amended to read as follows:

13 a. The chairperson of the ~~Iowa economic development~~ progress  
14 board or a designee of the chairperson.

15 Sec. 30. Section 15E.64, subsection 3, Code 2011, is amended  
16 to read as follows:

17 3. After incorporation, the initial board of directors  
18 shall be elected by the members of an appointment committee.  
19 The members of the appointment committee shall be appointed  
20 by the ~~Iowa economic development~~ progress board. The initial  
21 board of directors shall consist of five members. The persons  
22 elected to the initial board of directors by the appointment  
23 committee shall include persons who have an expertise in  
24 the areas of the selection and supervision of investment  
25 managers or in the fiduciary management of investment funds,  
26 and other areas of expertise as deemed appropriate by the  
27 appointment committee. After the election of the initial  
28 board of directors, vacancies in the board of directors of the  
29 corporation shall be elected by the remaining directors of  
30 the corporation. Members of the board of directors shall be  
31 subject to any restrictions on conflicts of interest specified  
32 in the organizational documents and shall have no interest in  
33 any venture capital investment fund allocation manager selected  
34 by the corporation pursuant to the provisions of this division  
35 or in any investments made by the Iowa fund of funds.

1     Sec. 31. Section 15E.202, Code 2011, is amended by adding  
2 the following new subsection:

3     NEW SUBSECTION. 6A. "*Authority*" means the economic progress  
4 authority created in section 15.105.

5     Sec. 32. Section 15E.202, subsection 9, Code 2011, is  
6 amended by striking the subsection.

7     Sec. 33. Section 15E.202, subsection 10, Code 2011, is  
8 amended to read as follows:

9     10. "*Economic ~~development~~ progress board*" means the economic  
10 ~~development~~ progress board created pursuant to section 15.103.

11     Sec. 34. Section 15E.206, subsection 2, paragraph a, Code  
12 2011, is amended to read as follows:

13     a. The chairperson of the economic ~~development~~ progress  
14 board or a designee of the chairperson.

15     Sec. 35. Section 15E.206, subsection 3, paragraphs a and d,  
16 Code 2011, are amended to read as follows:

17     a. After incorporation, such a corporation shall be  
18 organized by an initial board of directors as provided in  
19 chapter 490, division II. The initial board of directors shall  
20 be elected by the members of an appointment committee. The  
21 members of the appointment committee shall be appointed by  
22 the economic ~~development~~ progress board. The initial board  
23 of directors shall consist of seven members. The members of  
24 the appointment committee shall include persons who have an  
25 expertise in areas of banking, agricultural lending, business  
26 development, agricultural production and processing, seed and  
27 venture capital investment, and other areas of expertise as  
28 deemed appropriate by the interim board of directors.

29     d. The department shall assist the incorporators and the  
30 appointment committee in any manner determined necessary and  
31 appropriate by the economic ~~development~~ progress board and the  
32 director of the department in order to administer this section.

33     Sec. 36. Section 15E.208, subsection 4, paragraph c, Code  
34 2011, is amended to read as follows:

35     c. A member of the economic ~~development~~ progress board, an



1 employee of the ~~department~~ of economic development progress  
2 authority, an elected state official, or any director or other  
3 officer or an employee of the corporation.

4 Sec. 37. Section 15E.351, subsection 1, Code 2011, is  
5 amended to read as follows:

6 1. The department shall establish and administer a business  
7 accelerator program to provide financial assistance for  
8 the establishment and operation of a business accelerator  
9 for technology-based, value-added agricultural, information  
10 solutions, alternative and renewable energy including the  
11 alternative and renewable energy sectors listed in section  
12 476.42, subsection 1, paragraph "a", or advanced manufacturing  
13 start-up businesses or for a satellite of an existing business  
14 accelerator. The program shall be designed to foster the  
15 accelerated growth of new and existing businesses through the  
16 provision of technical assistance. The ~~department~~ authority,  
17 subject to the approval of the economic ~~development progress~~  
18 board, may provide financial assistance under this section from  
19 moneys allocated for regional financial assistance pursuant to  
20 section 15G.111, subsection 9.

21 Sec. 38. Section 15F.101, Code 2011, is amended by adding  
22 the following new subsection:

23 NEW SUBSECTION. 01. "Authority" means the economic progress  
24 authority created in section 15.105.

25 Sec. 39. Section 15F.101, subsection 2, Code 2011, is  
26 amended by striking the subsection.

27 Sec. 40. Section 15G.101, Code 2011, is amended by adding  
28 the following new subsection:

29 NEW SUBSECTION. 01. "Authority" means the economic progress  
30 authority created in section 15.105.

31 Sec. 41. Section 15G.101, subsection 3, Code 2011, is  
32 amended to read as follows:

33 3. "Board" means the Iowa economic ~~development progress~~  
34 board created in section 15.103.

35 Sec. 42. Section 15G.101, subsection 6, Code 2011, is

1 amended by striking the subsection.

2 Sec. 43. Section 15G.115, subsection 2, paragraph a, Code  
3 2011, is amended to read as follows:

4 a. Each application from a business for financial assistance  
5 under the ~~grow Iowa values~~ economic progress financial  
6 assistance program shall be reviewed by the due diligence  
7 committee established by the board pursuant to section ~~15.103,~~  
8 ~~subsection 6~~ 15.104. The due diligence committee shall make a  
9 recommendation on each application to the board.

10 Sec. 44. Section 15G.201, Code 2011, is amended by adding  
11 the following new subsection:

12 NEW SUBSECTION. 01. "Authority" means the economic progress  
13 authority created in section 15.105.

14 Sec. 45. Section 15G.201, subsection 2, Code 2011, is  
15 amended by striking the subsection.

16 Sec. 46. Section 97B.1A, subsection 8, paragraph a, Code  
17 2011, is amended by adding the following new subparagraph:

18 NEW SUBPARAGRAPH. (12) Persons employed by the economic  
19 progress authority on or after July 1, 2011.

20 Sec. 47. Section 260F.2, Code 2011, is amended by adding the  
21 following new subsection:

22 NEW SUBSECTION. 1A. "Authority" means the economic progress  
23 authority created in section 15.105.

24 Sec. 48. Section 260F.2, subsection 4, Code 2011, is amended  
25 by striking the subsection.

26 Sec. 49. Section 260G.4C, Code 2011, is amended to read as  
27 follows:

28 **260G.4C Facilitator.**

29 The ~~department of economic development~~ economic progress authority  
30 shall administer the statewide allocations of program job  
31 credits to accelerated career education programs. The  
32 ~~department~~ authority shall provide information about the  
33 accelerated career education programs in accordance with its  
34 annual reporting requirements in section ~~15.104, subsection 8~~  
35 15.107B.

1     Sec. 50. Section 260G.6, subsection 4, Code 2011, is amended  
2 to read as follows:

3 4. In order to receive moneys pursuant to this section,  
4 a program agreement approved by the community college board  
5 of directors shall be in place, program capital cost requests  
6 shall be approved by the ~~Iowa economic development~~ progress  
7 board created in section 15.103, program capital cost  
8 requests shall be approved or denied not later than sixty days  
9 following receipt of the request by the ~~department of economic~~  
10 development progress authority, and employer contributions  
11 toward program capital costs shall be certified and agreed to  
12 in the agreement.

13      Sec. 51.    CODE EDITOR DIRECTIVE.

14 1. The Code editor is directed to correct all internal  
15 references to the economic development board, the department  
16 of economic development, the director of the department of  
17 economic development, the grow Iowa values fund, and the grow  
18 Iowa values financial assistance program by replacing such  
19 references with references to the economic progress board,  
20 the economic progress authority, the director of the economic  
21 progress authority, the economic progress fund, and the  
22 economic progress financial assistance program, respectively,  
23 and to the extent that such corrections can be made without  
24 contravening the intent of this Act.

25       2. The Code editor is also directed to correct in the same  
26 manner all similar references in any enacted Iowa Acts as  
27 necessary.

28 EXPLANATION

29       This bill relates to economic development by reorganizing  
30 the executive branch agencies created to administer economic  
31 development programs.

32 Currently, the state's economic development programs are  
33 administered by the department of economic development which  
34 is subject to the oversight of the economic development board.  
35 The bill eliminates both the department and the board and

1 replaces them with the Iowa partnership for economic progress.  
2 The partnership is a collaboration between state government  
3 and the private sector. The partnership itself is not a legal  
4 entity, but is rather a collaborative undertaking consisting of  
5 three distinct legal entities: the economic progress board,  
6 the economic progress authority, and the economic progress  
7 corporation.

8 Division I of the bill creates the economic progress board to  
9 oversee the implementation of economic development policy by  
10 the partnership. The board consists of eight members including  
11 the governor or the lieutenant governor, as a nonvoting member,  
12 and seven voting members appointed by the governor, subject  
13 to confirmation by the senate. The governor or lieutenant  
14 governor is the chairperson of the board. The appointed  
15 members must be actively employed in the private, for-profit  
16 sector of the economy or otherwise have substantial expertise  
17 in economic development. The appointed members serve staggered  
18 four-year terms. Employees of the authority or the corporation  
19 cannot serve on the board. Members of the board may not  
20 participate in any action of the board if they have a conflict  
21 of interest. The board is considered the successor entity to  
22 the economic development board which the bill eliminates. The  
23 board is to assume all duties and responsibilities previously  
24 assigned to the economic development board that are not  
25 otherwise assigned by the bill.

26 The division assigns certain duties and powers to the board,  
27 the bulk of which relate to its administrative duties in  
28 overseeing the partnership. The board is directed to establish  
29 the corporation as a nonprofit organization and ensure that  
30 its articles of incorporation provide for its governance. The  
31 board also has a role in directing the collaborative activities  
32 of the corporation and the authority, adopting rules for  
33 the administration of the authority, approving the budgets  
34 of the authority and the corporation, performing certain  
35 duties related to the administration of the economic progress

1 fund, and reporting annually to the general assembly on the  
2 partnership's activities. The board has the authority to adopt  
3 rules for the collaborative operations of the partnership,  
4 appoint subordinate officers to assist with the board's  
5 functions, form committees and other panels consisting of  
6 members of the board, and undertake additional research on  
7 economic development policy.

8 The division creates the economic progress authority as an  
9 administrative unit of the state which, because of its unique  
10 operations, does not fit into the general pattern of operating  
11 departments. The authority is the successor entity to the Iowa  
12 department of economic development which is eliminated in the  
13 bill.

14 The division provides that the authority is exempt from all  
15 state and local taxes.

16 The division provides that the authority is to be  
17 administered by a director. The director also serves  
18 as the chief executive officer of the corporation. The  
19 division requires the director to manage the authority and  
20 employ personnel as necessary to carry out the duties and  
21 responsibilities assigned to the authority. Key personnel  
22 are not subject to the merit system of employment, but other  
23 employees are. The director is required to prepare a budget,  
24 establish administrative divisions, submit legislative  
25 proposals to the board, make recommendations on new and amended  
26 rules for the administration of the authority's programs,  
27 implement the targeted small business procurement requirements  
28 in Code chapter 73, make reports to the board at least  
29 quarterly, and perform any other duties as required by law.

30 The division grants all necessary and convenient powers to  
31 the authority, including the power to litigate legal claims,  
32 acquire and dispose of property, provide economic development  
33 advice and services, charge certain fees, enter into contracts  
34 and agreements, receive appropriations from the general  
35 assembly, and accept financial assistance from any source. The

1 authority is also authorized to delegate certain duties to the  
2 corporation by means of contracts for services if the director  
3 determines that such a delegation will be more efficient and  
4 cost effective. The authority cannot delegate the performance  
5 of essential government functions, and the corporation  
6 in performing the delegated functions cannot exercise any  
7 sovereign powers of the state. The contracts may provide for  
8 compensation to the corporation at fair market value.

9 The division transfers certain duties that are currently  
10 assigned to the economic development board. Some of these  
11 duties are transferred to the economic progress board while  
12 others are transferred to the authority. Currently, the  
13 economic development board has the responsibility to review  
14 certain life science enterprise plans. The division assigns  
15 this duty to the authority. The economic development board  
16 currently submits an annual report to the governor and  
17 the general assembly that contains information about the  
18 department's various programs and activities. The division  
19 transfers this reporting requirement to the economic progress  
20 board.

21 The division requires the economic progress board to  
22 establish the economic progress corporation as a nonprofit  
23 corporation and requires the corporation to participate in  
24 the partnership for economic progress. While requiring the  
25 corporation's participation in the partnership, the division  
26 provides that the corporation shall not be considered a state  
27 agency, shall not receive appropriations, shall not be required  
28 to comply with any requirements that apply to state agencies,  
29 and does not have the authority to pledge the credit of the  
30 state. All debts and obligations of the corporation are  
31 payable solely from the corporation's funds.

32 The division provides that the corporation must be  
33 established so that donations and bequests to it are tax  
34 deductible and for the purpose of lessening the burdens of  
35 government in connection with the public purpose of economic

1 development in Iowa.

2 The division provides that the daily operations of the  
3 corporation are to be managed by the chief executive officer  
4 appointed by the board. The board is authorized to delegate  
5 certain powers and responsibilities to the chief executive  
6 officer if necessary for the efficient operation of the  
7 corporation. The chief executive officer is authorized to  
8 employ personnel necessary for the efficient performance of  
9 its duties. Such personnel are not to be considered public  
10 employees and are exempt from the personnel requirements of a  
11 state agency.

12 The division provides that the chief executive officer must  
13 act to ensure that the corporation creates a strategic plan,  
14 prepares an annual budget, and provides an annual report to the  
15 board.

16 The division authorizes the corporation to receive and  
17 expend funds from public and private sources and to use its  
18 resources for the purpose of performing the duties assigned to  
19 it.

20 The division requires the corporation to perform certain  
21 duties and responsibilities related to economic development but  
22 allows the board and the chief executive officer to determine  
23 the specific activities of the corporation within the general  
24 parameters provided by the statute.

25 The division provides for the continuing validity of rules  
26 promulgated by the department of economic development and  
27 allows for their enforcement by the authority. As soon as  
28 practicable, the authority is required to adopt new rules  
29 issued under its own rulemaking authority.

30 Division II of the bill makes certain program changes of more  
31 significance than the conforming changes in division III.

32 Division II changes the name of the grow Iowa values fund and  
33 financial assistance program to the economic progress fund and  
34 financial assistance program.

35 Division II also changes the membership and organizational

1 structure of the Iowa commission on volunteer service.  
2 Currently, the commission is created within the governor's  
3 office and is comprised of certain appointed members.  
4 The division creates the commission within the authority  
5 and provides that it is made up of authority personnel,  
6 selected by the director of the authority. The commission's  
7 responsibilities, funding, and programs are not changed in the  
8 division.

9 Division II also provides that the authority must work  
10 in consultation with the departments of education, revenue,  
11 and workforce development in the adoption of rules for the  
12 industrial new jobs training program described in Code chapter  
13 260E. The authority must also monitor compliance of community  
14 colleges participating in the program and report on its  
15 effectiveness.

16 Division III makes certain changes in conformance with the  
17 provisions of Division I and directs the Code editor to correct  
18 internal references to the eliminated entities and renamed fund  
19 and program throughout the Code.